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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

AZ CORP COMMISSION

CARL J. KUNASEK
CHAIRMAN

JIM IRVIN
COMMISSIONER

TONY WEST
COMMISSIONER

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IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
APPROVAL OF ITS PLAN FOR STRANDED
COST RECOVERY.

DOCKET NO. E-01345A-98-0473

IN THE MATTER OF THE FILING OF ARIZONA
PUBLIC SERVICE COMPANY OF UNBUNDLED
TARIFFS PURSUANT TO A.A.C. R14-2-1061
ET. SEQ.

DOCKET NO. E-01345A-97-0773

IN THE MATTER OF COMPETITION IN THE
PROVISION OF ELECTRIC SERVICES
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. RE-00000C-94-0165

PROCEDURAL ORDER

BY THE COMMISSION:

Our April 21, 1999 Procedural Order set a hearing on Arizona Pubic Service Company's ("APS") stranded cost and unbundled tariffs to commence on September 8, 1999. On May 17, 1999, APS filed with the Arizona Corporation Commission ("Commission") a Notice of Filing, Application for Approval of Settlement Agreement ("Proposed Settlement")¹ and Request for Procedural Order ("Request"). The Proposed Settlement contains resolutions to the stranded costs and unbundled rate issues. As a result, APS requested the procedural schedule set forth in the April 21, 1999 Procedural Order be suspended and the following procedural schedule be adopted regarding the Proposed Settlement:

Filing of Settlement Agreement	May 17
Procedural Order Issued	May 28
Filing Date for Testimony from Parties to the Settlement Agreement	June 4
Filing Date for Testimony from Staff and Intervenors	June 25
Filing Date for Rebuttal Testimony from Parties to the Settlement Agreement	July 9
Hearing Begins	July 13

¹ The Parties to the Proposed Settlement are as follows: the Residential Utility Consumer Office, Arizona Public Service Company, Arizona Community Action Association and the Arizonans for Electric Choice and Competition which is a coalition of companies and associations in support of competition that includes Cable Systems International, BHP Copper, Motorola, Chemical Lime, Intel, Honeywell, Allied Signal, Cyprus Climax Metals, Asarco, Phelps Dodge, Homebuilders of Central Arizona, Arizona Mining Industry Gets Our Support, Arizona Food Marketing Alliance, Arizona Association of Industries, Arizona Multi-housing Association, Arizona Rock Products Association, Arizona Restaurant Association, Arizona Retailers Association, Boeing, Arizona School Board Association, National Federation of Independent Business, Arizona Hospital Association, Lockheed Martin, Abbot Labs and Raytheon.

Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

IT IS THEREFORE ORDERED that a hearing in the above-captioned matter shall commence on July 14, 1999 at 10:00 a.m., or as soon thereafter as is practical, at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona 85007.

IT IS FURTHER ORDERED that public comments shall be taken at the beginning of the hearing.

IT IS FURTHER ORDERED that a pre-hearing conference shall be held on July 9, 1999 at 1:30 p.m. at the Commission's Phoenix offices, for the purpose of scheduling witnesses and the conduct of the hearing.

IT IS FURTHER ORDERED that APS, the Residential Utility Consumer Office ("RUCO"), Arizona Community Action Association ("ACAA"), and Arizonans for Electric Choice and Competition ("AECC") shall file testimony and supporting documents in support of the Proposed Settlement on or before 4:00 p.m. on June 4, 1999.

IT IS FURTHER ORDERED that APS shall provide public notice of the hearing in this matter, in the following form and style, with the heading in no less than 24 point bold type and the body in no less than 10 point regular type:

**PUBLIC NOTICE OF RATE REDUCTION/IMPLEMENTATION
OF ELECTRIC COMPETITION.**

On May 17, 1999, Arizona Public Service Company ("Company"), the Residential Utility Consumer Office, Arizona Community Action Association, and Arizonans for Electric Choice and Competition filed a Proposed Settlement Agreement ("Agreement") with the Arizona Corporation Commission ("Commission"). The Agreement was entered into for the purpose of establishing terms and conditions for the introduction of competition in generation and other competitive services that are just, reasonable and in the public interest. The Agreement would provide residential and small business customers a 1.5 percent rate decrease each year for five years commencing on July 1, 1999. Large industrial customers would receive a total 5 percent decrease spread over a four year period commencing on July 1, 1999. The Agreement provides the Company a reasonable opportunity to recover \$350 million for "stranded investment".

1 The Commission will hold a hearing on this matter beginning July 14,
2 1999 at 10:00 a.m. at the Commission's offices, 1200 West Washington
3 Street, Phoenix, Arizona 85007. Public Comments will be taken in
Phoenix on the first day of hearing.

4 The law provides for an open public hearing at which, under appropriate
5 circumstances, interested parties may intervene. Intervention shall be
6 permitted to any person entitled by law to intervene and having a direct
7 and substantial interest in the matter. Persons desiring to intervene must
8 file a written motion to intervene with the Commission, which motion
should be sent to the Company or its counsel and to all parties of record,
and which, at the minimum, shall contain the following:

9 1. The name, address, and telephone number of the proposed
10 intervenor and of any party upon whom service of documents is to be made if
different than the intervenor.

11 2. A short statement of the proposed intervenor's interest in the
12 proceeding (e.g., a customer of the Company, a shareholder of the
Company, etc.)

13 3. A statement certifying that a copy of the motion to intervene has
14 been mailed to the Company or its counsel and to all parties of record in
the case.

15 The granting of motions to intervene shall be governed by A.A.C.R14-3-
16 105, except that all motions to intervene must be filed on or before June
17 11, 1999. The granting of intervention, among other things, entitles a
18 party to present sworn evidence at hearing and to cross-examine other
19 witnesses. However, failure to intervene will not preclude any customer
20 from appearing at the hearing and making a statement on such customer's
21 own behalf.

22 The Commission does not discriminate on the basis of disability in
23 admission to its public meetings. Persons with a disability may request a
24 reasonable accommodation such as a sign language interpreter, as well as
25 request this document in an alternative format, by contacting Cynthia
26 Mercurio-Sandoval, ADA Coordinator, voice phone number 602/542-
27 0838, E-mail csandoval@cc.state.az.us. Requests should be made as early
28 as possible to allow time to arrange the accommodation.

25 IT IS FURTHER ORDERED that the Company shall cause the above notice to be published
26 at least two days in a daily newspaper of general circulation in its service territory, with publication to
27 be completed as soon as possible but not later than June 4, 1999.

1 IT IS FURTHER ORDERED that intervention shall be accordance with A.A.C. R14-3-105,
2 except that all motions to intervene must be filed on or before June 11, 1999.

3 IT IS FURTHER ORDERED that any opposition to intervention must be filed within 24
4 hours² of filing or the intervention will be deemed to be granted.

5 IT IS FURTHER ORDERED that APS shall fax a copy of this Procedural Order to any
6 intervenor within 24 hours² of intervention being granted.

7 IT IS FURTHER ORDERED that discovery requests may be served upon APS, AAEC,
8 RUCO and ACAA by any party herein regarding the Proposed Settlement up through noon of June
9 25, 1999.

10 IT IS FURTHER ORDERED that APS, AAEC, RUCO and ACAA shall make every
11 reasonable effort to reply to each discovery request within 24 hours² of receipt.

12 IT IS FURTHER ORDERED that all intervenors/Staff shall file specific
13 disagreements/testimony/comments regarding the Proposed Settlement by noon on June 25, 1999.

14 IT IS FURTHER ORDERED that cross-examination/direct testimony by intervenors/Staff
15 shall be limited to those areas filed as specific disagreements/testimony/comments.

16 IT IS FURTHER ORDERED that intervenors/Staff shall file no later than noon on June 25,
17 1999 a list of witnesses and subject area(s) to be covered at the hearing in this matter.

18 IT IS FURTHER ORDERED that APS, AAEC, RUCO and ACAA shall file any rebuttal
19 testimony by 4:00 p.m. on July 8, 1999.

20 IT IS FURTHER ORDERED that APS, AAEC, RUCO and ACAA shall file no later than
21 4:00 p.m. on July 8, 1999 a list of witnesses and subject area(s) to be covered at the hearing on this
22 matter.

23 IT IS FURTHER ORDERED that the proposed procedural schedule for APS set forth in the
24 April 21, 1999 Procedural Order is hereby suspended indefinitely.

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26 ...

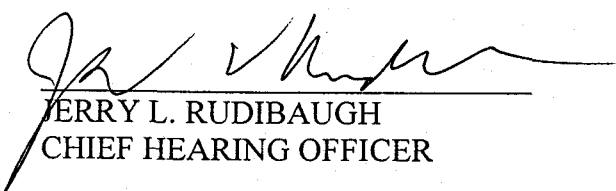
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A reply to a Friday request would be due the first business day thereafter.

IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

DATED this 25th day of May, 1999.

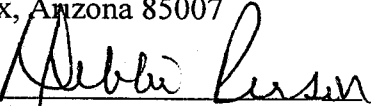

JERRY L. RUDIBAUGH
CHIEF HEARING OFFICER

Copies of the foregoing mailed/delivered this 25th day of May, 1999 to:

Service list for Docket No. RE-00000C-94-0165

Paul Bullis, Chief Counsel
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Director, Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

By: 
Debbi Person
Secretary to Jerry L. Rudibaugh